

ROUTING AND TRANSMITTAL SLIP

Date

20 Sept 88

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REMARKS

Outline of study on defense
for Council on Foreign Relations

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★ GPO : 1981 O - 341-529 (120)

NIO / GPF + SP

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Outline of study on
defense & [redacted]

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Barb, please
send around with
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[Signature]

DRAFT

9/19/88

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DEFENSE BUDGET STUDY GROUP

ISSUES FOR THE 1990s

I. PURPOSE OF PAPER

A. Study Group Process and Purpose

B. Contents of Paper

1. Issues to be addressed
2. Directions and themes -- not hard answers
3. Thoughts on Process

C. Format - Outline/Briefing Not Heavy Text.

II. THE PROBLEM FACING THE NEXT PRESIDENT

A. Overview of Defense Budgets - Past 30 Years

1. Spending in a roller-coaster pattern over past 25 years
 - Growth in late 60s (Vietnam)
 - Declined during most of 1970s as we left Vietnam and priorities shifted to domestic programs
 - Budgets began to increase in 1980 and then grew sharply in early 1980s. Has been level or slightly declining since (especially after inflation).
 - 1985 budget was close to peak levels during Vietnam conflict.
2. Close correlation between public attitudes regarding defense spending and defense budget growth or decline. Congress and Executive appear to follow public mood.

B. The Reagan Era

1. Reagan policies and priorities
 - Management philosophy